

CPPIB, GIC in \$1.6bn US student housing deal

Published: **16 March 2017**

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Harrison Street Real Estate Capital was one of the portfolio sellers in the joint venture's latest deal.

The Canada Pension Plan Investment Board and Singaporean sovereign wealth fund GIC Private Limited have expanded their US student housing platform with three portfolio deals acquired for \$1.6 billion, according to a joint statement Thursday.

In January 2016, CPPIB and GIC formed a joint venture, Scion Student Communities, with The Scion Group, a Chicago-based private owner and operator of student housing, to enter the US student housing market. The JV initially bought almost 13,000 beds across 18 properties for \$1.4 billion, PERE previously reported.

In the JV's latest deal, the groups purchased three additional portfolios: a \$385 million purchase of six Class A properties in the southern US; a \$640 million acquisition of 11 Class A properties across the US; and \$550 million in recapitalizations of 12 legacy Scion-owned assets across the country, according to Thursday's statement. CPPIB and GIC each own a 45 percent interest in the portfolios and Scion owns the remaining 10 percent.

"The US student housing sector is an attractive investment opportunity, driven by secular strength in enrollment growth and favorable supply dynamics," Hilary Spann, CPPIB's head of US real estate, said in Thursday's statement. "Achieving scale in this sector is an important global investment objective for CPPIB, and we are pleased to further this goal in the US with our partners at GIC and Scion."

Harrison Street Real Estate Capital sold nine of the assets in the 11-property portfolio to the JV for \$465 million, PERE has learned. The Chicago-based private equity real estate firm's sale comprised about 5,000 beds at eight universities. The properties were owned by four different funds, according to the firm, which manages about \$12.2 billion.

"Initially acquired as single assets or development opportunities, this portfolio consists of nine high-quality properties at which we were able to execute on our business plans often times ahead of schedule," Harrison Street co-founder Christopher Merrill said in a statement.

The other portfolio sellers were not disclosed.

After the transaction, Scion's portfolio now comprises about 32,000 beds in 48 student housing communities.

"These high-quality, revenue-generating assets are good additions to our global student housing portfolio," GIC's US head, Adam Gallistel, said. "We remain confident in this sector's long-term fundamentals."

CPPIB's C\$36.7 billion (\$27.5 billion; €25.7 billion) real estate portfolio returned 11.8 percent in the fiscal year ending March 31, just below its 11.9 percent benchmark, according to the pension fund's annual report. The overall C\$278.9 billion portfolio returned 3.4 percent in the same time period.

GIC's real estate comprised 7 percent of its \$100 billion portfolio as of March 31, which had a total return of 3.7 percent for the five years to that date, according to its latest investment report. GIC has not publicly disclosed its real estate returns.